GSA

GSA Office of Governmentwide Policy

Real Property Performance Results 2006

December 2006

Office of Real Property Management
Performance Measurement Division

Federal Building, Oklahoma City, Oklahoma

GSA

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U.S. Court House, Laredo, Texas

Foreword

The Office of Governmentwide Policy (OGP) is pleased to issue *Real Property Performance Results 2006*, our ninth annual analysis of real property performance in the Federal office space sector. In these pages, you will find our annual update on the seven key measures of real property performance selected by an interagency working group in 1998. This edition also features updates on the number of Federal teleworkers, the cycle time for property disposal, and the sales price as a percentage of the fair market value of disposal assets. Special features included this year are updates on Executive Order 13327 activities, sustainability, and telework expansion and associated technology issues. Our goal is to clearly summarize the relevant data and to provide our customers with a concise reference document.

OGP presents this information to the Federal real property community to facilitate more informed decision-making leading to improved asset management. The publication will also benefit interested professionals in other governments, the private sector, and academia. Organizations throughout the world, in both the private and public sectors, have embraced strategic planning, performance measurement, and benchmarking. We want to support the Federal real property community in this important transformation, which is consistent with the overall direction of the Government Performance and Results Act of 1993, the specific intentions of Executive Order 13327, and the President's Management Agenda.

I would like to acknowledge the leadership of the Office of Real Property Management that undertook the data collection and analysis. Shirley Morris of the Performance Measurement Division served as the project leader and produced this collection of performance data with outstanding cooperation and contributions from professional colleagues. Without these individuals' dedication and participation, this publication would not have been possible.

Stan Kaczmarczyk
Principal Deputy Associate Administrator
Office of Governmentwide Policy
U.S. General Services Administration


FBI Building, Houston, Texas

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Summary of Results

The Office of Real Property Management compiled the information in this publication from various sources. The cost per square foot owned, cost per square foot leased, and vacancy rate information were taken from the 2006 Buildings Owners and Managers Association (BOMA) Experience Exchange Report, which covers 683,650,090 rentable square feet of U.S. nationwide private sector building data.

The cost per person figures were derived from GSA's Cost per Person Model; the customer satisfaction results were obtained from GSA's Public Buildings Service's Customer Satisfaction Survey; the number of employees housed was contained in the 2007 President's Budget; and the total square foot metrics were obtained from the Federal Real Property Council's *FY 2006 Federal Real Property Report*. In addition, the number of Federal teleworkers, the amount of time for property disposal, and the sales price as a percentage of estimated fair market value (EFMV) came from Federal data collection.

Although GSA did not conduct a voluntary call for 2006 data, the Federal sample has been consistently compared to BOMA published private sector building data, and both data sets have been in the same range. Thus, BOMA data for cost per square foot owned, cost per square foot leased, and vacancy rate still provide a useful benchmark comparison for Federal government portfolio performance.

The following table summarizes 2006 office space performance:

Summary of Results

Measure	*2006 Performance*
BOMA cost per square foot (owned)	$4.86 per rentable square foot
BOMA cost per square foot (leased)	$21.25 per rentable square foot
BOMA vacancy rate	10.3 percent
GSA cost per person	$15,200
GSA customer satisfaction	80 percent on GSA Survey
Federal employees housed	1,874,200 full-time equivalents
Total square feet	657,325,725 rentable square feet of office space
Federal teleworkers	6.6 percent of Federal work force
Real property disposal cycle time	152 days
Reimbursable disposal cycle time	148 days
Sales price as percentage of EFMV	134.5 percent

This report benefits from many years of experience. It reflects the development and growing use of the Cost per Person Model, and the improved quality of agency asset management systems.

Methodology

For eight consecutive years, beginning in 1997, the Office of Governmentwide Policy conducted a voluntary data call with our Federal customer agencies to collect cost per square foot owned, cost per square foot leased, and vacancy rates. This benchmark proved useful to Federal customer agencies in evaluating their portfolios. With the implementation of Executive Order 13327, all Federal agencies must now submit performance data on all of their real property holdings to the Federal Real Property Profile (FRPP) centralized database. The reported data is collected for the Federal Real Property Council (FRPC) and can be used only with their approval to address the President's Management Agenda. Summary level results are released in FRPC's annual Federal Real Property Report.

This year, in order to continue this successful approach and reduce the burden of reporting requirements on Federal landholding agencies, three performance data elements were benchmarked using U.S. private sector data from the Buildings Owners and Managers Association (BOMA), which has been used in all previous years of this report. Because information collected from the data call and the BOMA benchmark data were consistently in the same range, the BOMA data has been determined appropriate to benchmark Federal performance.

Over the past eight years and again this year, data was collected on several other key indicators of real property performance, as identified by an interagency working group in 1998. The work of the interagency group and the concept for benchmarking were published as the Governmentwide Real Property Performance Measurement Study in June 1998.

This report is the result of a benchmarking effort — not an audit. Therefore, throughout this report, the data analysis is not represented as a precise cost accounting of the chosen indicators. In addition, most of the data presented in this publication are in the form of national averages. When making comparisons to local portfolios or individual facilities, geographic cost differentials must be considered.

Finally, conversion factors were used to translate all data into consistent units of rentable square feet and FY 2006 dollars. These modifications to the original source data were necessary to enhance comparability of the results.

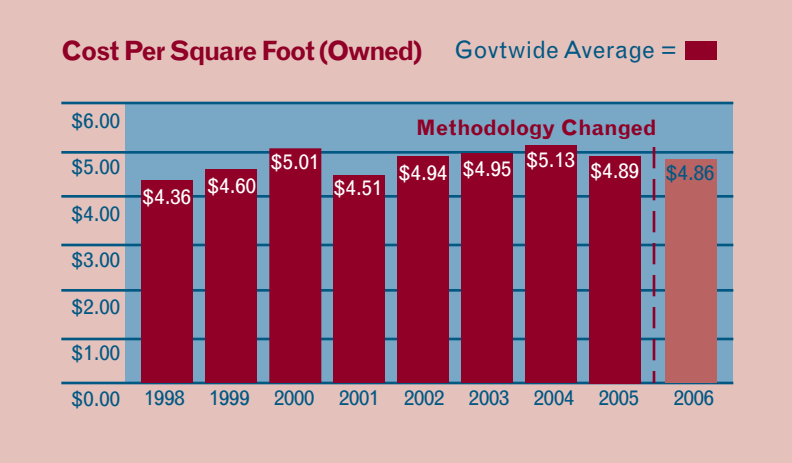
U.S. Court House, Jackson, Mississippi

FY 2006 Results

BOMA Cost per Square Foot (Owned)

The FY 2006 BOMA cost per square foot (owned) was $4.86.

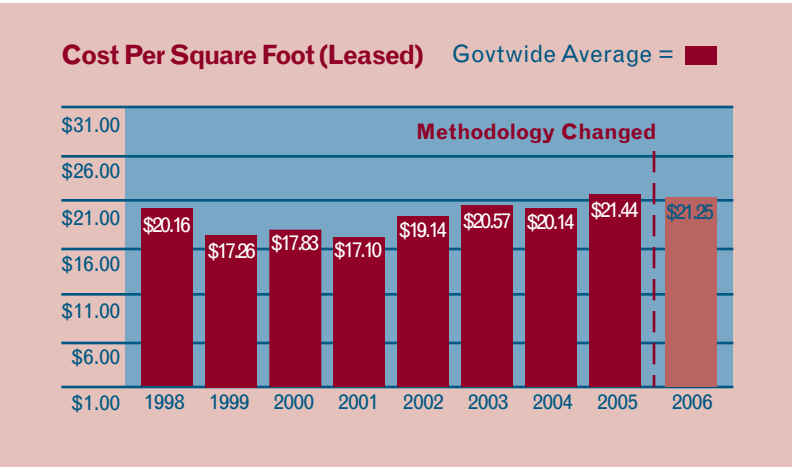
- The current indicator reflects FY 2006 dollars per rentable square foot.
- The 2006 BOMA Experience Exchange Report, which is the source for the 2006 data, reports 2005 actual performance. The reported 2005 actual cost data was escalated by the 2.2 percent Consumer Price Index to obtain 2006 actual dollars.
- The BOMA sample consists of 683,650,090 rentable square feet of office space.
- The definition of this indicator is the sum of expenditures for cleaning, maintenance, and utilities, which is consistent with the Federal sample definition used from 1998 to 2005.



BOMA Cost per Square Foot (Leased)

The FY 2006 BOMA cost per square foot (leased) was $21.25.

- The current indicator reflects FY 2006 dollars per rentable square foot.
- The 2006 BOMA Experience Exchange Report, which is the source for the 2006 data, reports 2005 actual performance. The reported 2005 actual cost data was escalated by the 2.2 percent Consumer Price Index to obtain 2006 actual dollars.
- The definition of this indicator is the fully serviced rental rate.



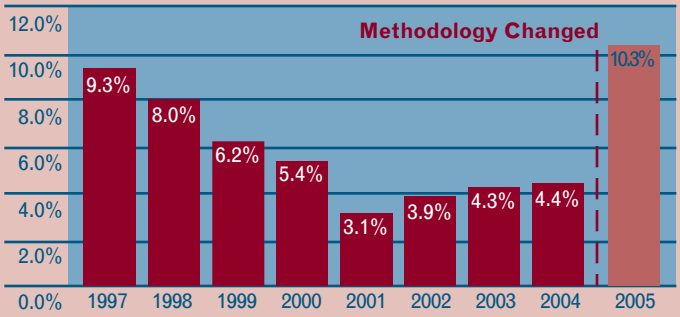
NOTE: From 1998 to 2005, a Federal Government average was used. For 2006, the data source is 2006 BOMA Experience Exchange Report commercial real estate U.S. private sector benchmark.

BOMA Vacancy Rate

The FY 2005 BOMA Vacancy rate was 10.3 percent.

- The 2005 indicator is the average vacancy rate based on the BOMA U.S. private sector sample of 683,650,090 rentable square feet of owned and leased office space.
- The current estimate is based on actual performance of 2005 data submitted by the U.S. private sector.

Vacancy Rate



NOTE: From 1998 to 2004, a Federal Government average was used. For 2005, the data source is 2006 BOMA Experience Exchange Report commercial real estate U.S. private sector benchmark.

- Due to varying definitions and a lack of incentives to drive good asset management practices, it is possible that Federal office space vacancy rates may have been underestimated in previous years.

GSA Cost per Person

The FY 2006 GSA cost per person was $8,300 for information technology (IT) connectivity and $6,900 for real estate, a total of $15,200.

- The 2006 cost per person estimate was derived by updating the GSA 2005 internal study conducted for Real Property Performance Results 2005. The cost reflects state-of-the-art digital connectivity. For offices still using analog service, deduct $70 per person from the IT/connectivity segment.
- In order to comply with enhanced security guidelines, support personnel should implement all updated software patches in a timely manner to all of the production servers and associated client workstations within the Desktop Management Support (DMS) infrastructure. After implementing contractor patches, support personnel should perform the following tasks:
  - Periodically scan servers, as well as review and validate vulnerabilities.
  - Respond to CERT (computer emergency response team) notices and security bulletins.
  - Implement security recommendations as applicable.
  - Harden servers using the applicable GSA IT security guidelines

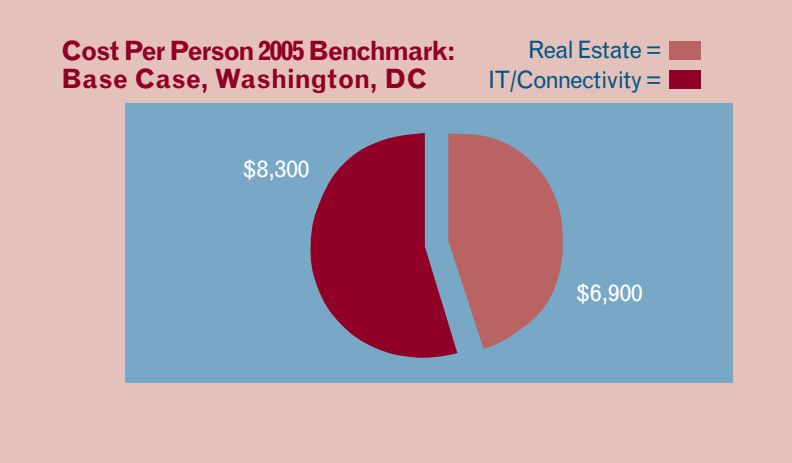
Cost Per Person Trend

The GSA Cost per Person Model (CPPM) is a Microsoft Excel-based planning tool that assesses office workspace policy and identifies cost savings opportunities in the areas of office workspace, IT, telecommunications, telework and other alternative work environments. This tool can also calculate potential savings for different workspace scenarios.

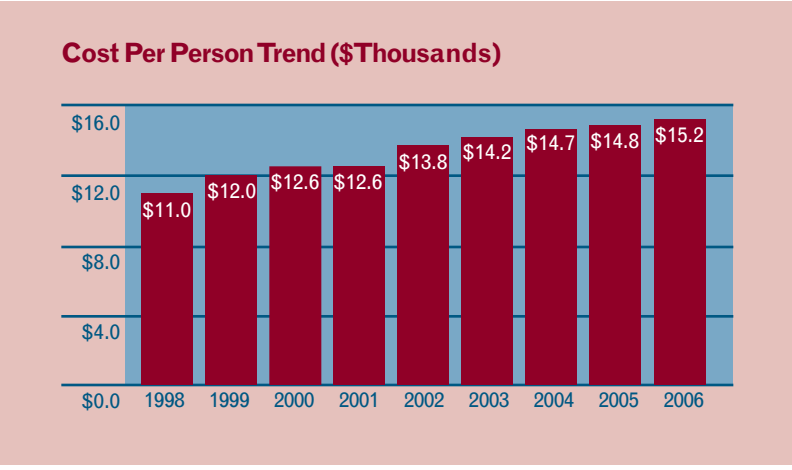
Specific features of the CPPM include the following:

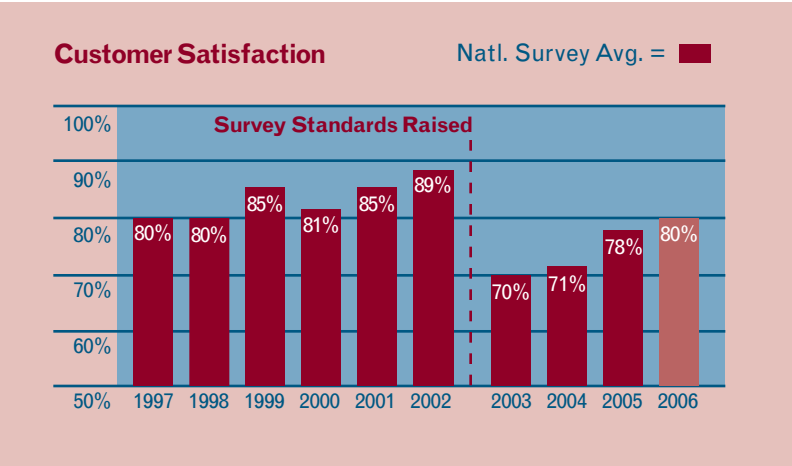
- Enables Federal agencies to compute separately or in aggregate the cost per person for workspace, telecommunications, IT and alternative costs.
- Compares the cost of working in an office facility versus alternative work environments.
- Provides both national and regional benchmark costs for workspace, IT, telecommunications and alternative work environments.
- Depicts cost per person results using graphs.
- Calculates potential cost savings for various workspace, IT, telecommunications and alternative work environments.
- Offers a user-friendly manual with step-by-step instructions.

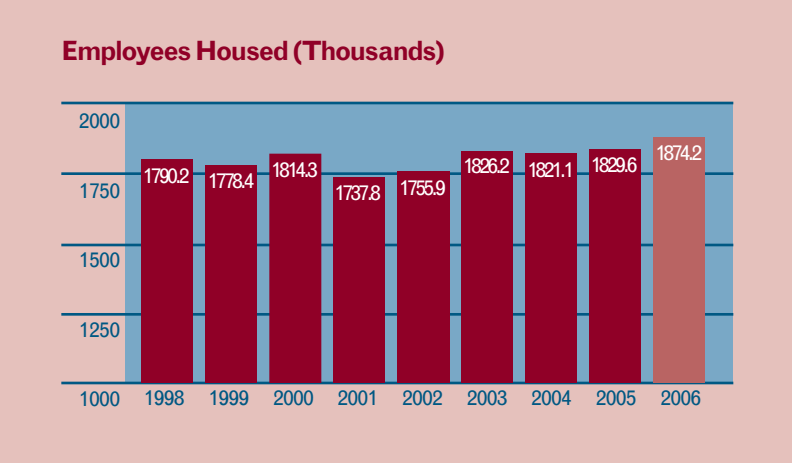
Since the introduction of the original version in 1999, GSA has provided the CPPM to customers in more than 400 organizations, including U.S. Federal agencies, government organizations at all levels, state agencies, academic institutions, and a network of private sector firms around the world.



For further information and to obtain a free copy of the Cost per Person Model and Users Manual, visit the website at www.gsa.gov/cppmodel or e-mail patrice.walker@gsa.gov. If you are interested in an on-site demonstration of the Cost per Person Model, please contact Ray Wynter at ray.wynter@gsa.gov or (202) 501-3802.







PBS Customer Satisfaction Survey

The FY 2006 Public Building Service (PBS) customer satisfaction rate was 80 percent.

This chart summarizes the results of the GSA PBS Customer Satisfaction Survey. An independent contractor administers this survey to tenants of approximately one-third of GSA's eligible buildings annually, and the entire inventory is surveyed every three years. PBS redesigned the survey in 2003 to evaluate satisfaction based on a more stringent standard in order to obtain more useful information and improve the ongoing quality of customer service.

Federal Employees Housed

The estimated number of Federal employees housed in FY 2006 was 1,874,200 full-time equivalents (FTEs).

- The 2006 governmentwide estimate for the number of employees housed was derived from the 2006 FTE estimate in the FY 2007 President's Budget.

FY 2006 Results

Total Rentable Federal Square Feet

The number of total rentable Federal square feet in FY 2006 was 3,514,697,397. The number of total rentable Federal square feet of office space in FY 2005 is 657,325,725.

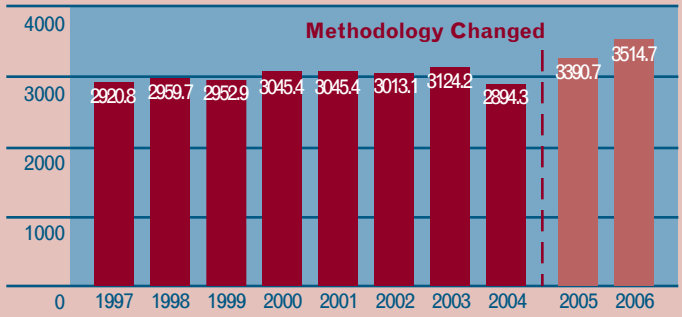
- The 2006 governmentwide totals were derived from information in the Federal Real Property Profile, formerly called the *Worldwide Inventory of the United States Real Property*. The Federal Real Property Council's *Federal Real Property Report* presents the results of the FY 2006 governmentwide real property data collection.

Total Rentable Office Space

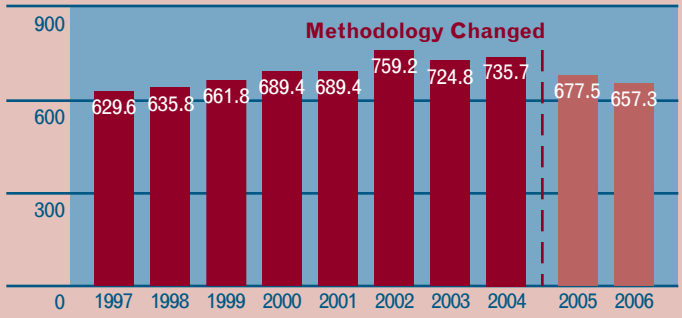
- The 2005 Governmentwide totals were derived from information in the FRPP, formerly called the *Worldwide Inventory of the United States Real Property*. The FRPC's *Federal Real Property Report* presents the results of the FY 2006 governmentwide real property data collection.

NOTE: From 1998 to 2004, a Federal Government average was used. For 2005, the data source is 2006 BOMA Experience Exchange Report commercial real estate U.S. private sector benchmark.

Total Rentable Federal Square Feet (Millions)



Total Office Square Feet (Millions)



NOTE: From 1998 to 2004, a Federal Government average was used. For 2005, the data source is 2006 BOMA Experience Exchange Report commercial real estate U.S. private sector benchmark.

Alternative Workplace Arrangements

According to the latest reporting, 6.6 percent of the Federal Executive Branch participated in telework in FY 2006.

GSA is directed by law (40 USCS § 587 (2003)) to provide guidance, assistance, and oversight regarding the establishment and operation of alternative workplace arrangements (AWA). AWA includes telework (also known as telecommuting), hoteling (alternative officing), virtual offices, and other alternative work arrangements.

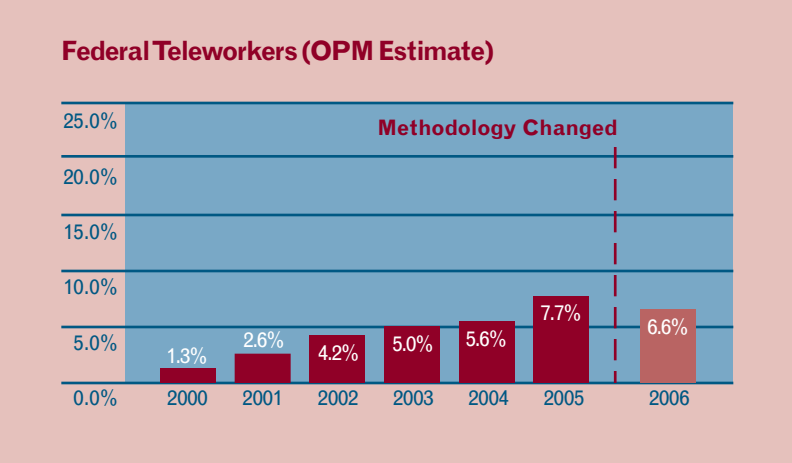
Additionally, GSA and OPM are the lead agencies for the policy and program development of Federal telework. Their objective is to facilitate the growth of Federal telework in compliance with Public Law 106-346.

In FY 2006, the AWA team accomplished the following:

- GSA and OPM conducted a review of the annual telework reporting requirement and implemented revisions to improve the efficiency, effectiveness, and accuracy of the reporting. These revisions consisted of the following significant changes:
  - *A more definitive and standardized definition of telework.* The new definition of telework refers to any arrangement in which an employee regularly performs officially assigned duties at home or other work sites geographically convenient to the residence of the employee. Measuring telework participation according to the new definition requires evaluating the number of employees who telework on a recurring basis; either one or two days per week; three or more days per week; or less than one day per week but at least once a month. These measures will focus on the incidence of "recurring telework" (minimum one day per week) and restricts what was formerly called "situational telework" (less than one day per week) to at least once per month.
  - *Clarification on the determination of eligibility for telework.* The revised definition of eligibility simplifies and standardizes the determination of telework eligibility for reporting purposes. The revision states that all employees are considered eligible except:
    - Those whose positions require, on a daily basis 1) direct handling of secure materials or 2) onsite activity that cannot possibly be handled remotely or at an alternate worksite, such as face-to-face personal contact in some medical, counseling, or similar venue, etc.; or other physical presence or site dependent activity such as forest ranger or guard duty tasks.
    - Those whose last Federal government performance rating of record (or its equivalent) is below fully successful or conduct has resulted in disciplinary action within the last year.
- Prior to this year, the annual telework report, released by OPM indicated a pattern of annually increasing telework participation. The overall number of civilian, non-Postal teleworkers in the Federal government has

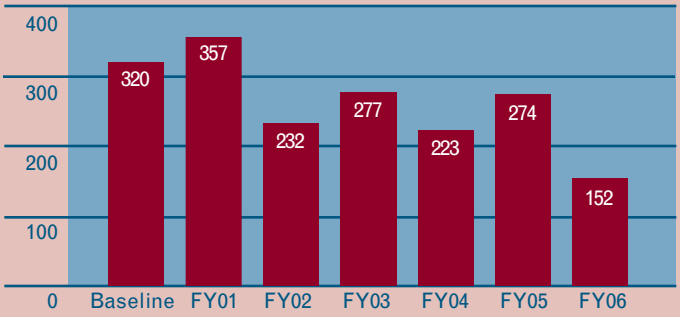
grown from 1.3 percent in 2000 to 6.6 percent in 2006, which translates to 9.5 percent of the telework-eligible workforce in 2006. It should be noted that, due to the reporting change discussed above, comparisons between the data for 2006 and data for previous years will not be valid.

- Other policy development initiatives included the completion of draft legislation for improving travel policy for AWA applications, changes to duty station definitions and eligibility criteria, and initial review of policy needs for facilitating AWA.
- GSA maintains the largest Federal government's listserv on telework (now more than 4,300 subscribers).
- The AWA team developed new applications of telework, including 1) expanding and utilizing the Federal government's only alternative officing (AO) website, 2) providing ongoing AO technical assistance to agencies such as the Equal Employment Opportunity Commission, the U.S. Army Corps of Engineers, and the Internal Revenue Service, 3) playing a lead role in the initiative to apply telework to Federal Continuation of Operations policies, procedures, and programs, 4) completing the development of the Spouse Telework Employment Program, 5) helping apply AWA principles and programs to improve the design and planning for the proposed GSA Central Office Headquarters renovation, and 6) successfully completing the review and recommendations for improving GSA's telework program.
- The AWA team is conducting groundbreaking work in mainstreaming the use of virtual presence (VP) desktop videoconferencing and anywhere-wireless remote access. This year, AWA successfully established VP utilization among its remote sites. Implementation behind GSA's firewall for use in GSA facilities is nearly completed and expansion to other GSA organizations is planned.
- The AWA team developed the content for a first-of-its-kind Federal Management Regulations Policy Bulletin on Alternative Workplace Arrangements. The highly touted document received substantial response from the press, telework advocacy groups, and Federal employees. It is designed to assist agencies in the development, expansion, and operation of their AWA programs.



NOTE: Our reference to "fiscal year" is an approximation of OPM's current reporting period, which is based on the calendar year. OPM began its series of annual reports using a fiscal year reporting period, but changed to a calendar year reporting period in 2003.

Cycle Time: Property Act for Disposal Projects (Average Number of Days)



Real Property Disposal Time

The average FY 2006 cycle time for real property disposal was 152 days, reduced from more than 250 days in FY 2005.

The Federal Property and Administrative Services Act of 1949 (Property Act), as amended, which is now codified in Title 40 U.S.C. Subtitle I, created GSA as the central administrative management agency for the Federal government with the authority to dispose of Federal property. The GSA PBS Office of Real Property Disposal fulfills this role. It provides strategic direction as well as develops and administers programs related to the governmentwide utilization and disposal of Federal excess and surplus real property in the most economic, efficient and effective manner. Additionally, the Office offers disposal guidance to landholding agencies and provides them various asset management services including environmental consultations and property valuations.

In FY 2006, the Office of Real Property Disposal achieved significant success in its goal to promote the optimal utilization of Federal real property. In FY 2006 alone, the Office conducted 44 targeted Asset Reviews and Utilization Studies, which help agencies to obtain an accurate analysis of the properties in their inventories.

Of the total excess assets reported, 29 properties valued at $29.5 million were transferred to other Federal agencies for further mission requirements in FY 2006. After a property is declared excess by an agency, the Office screens the property to determine if it can be used by another Federal agency. In turn, the Federal government saves the costs associated with acquiring additional assets and furthers the Federal mission of efficient and economical use of Federal real property resources.

Once the Office determines that the property is surplus or deems it "not required" by the Federal government, it makes the property available for qualifying public benefit programs to state and local governments or eligible nonprofit institutions at various discounts. In FY 2006, the Office transferred 38 properties valued at $31.9 million through the public benefit program. A community's use of former Federal properties can provide many benefits like expanded employment opportunities, housing for the homeless, educational centers, parks, or open space.

During FY 2006, the Office sold 259 Federal properties, which generated $1.01 billion in proceeds. These surplus properties were determined not required by public bodies, resulting in the Office offering them for public sale.

The prompt FY 2006 transfer cycle of excess Federal properties provided cost-efficient support to customer agencies. During the transition period leading to disposal, agencies are required

to incur protection and maintenance costs. By reducing the disposal cycle time, the costs incurred are reduced. The Office will continue to reduce the cycle time through implementation of efficient processes and procedures.

- PBS Office of Property Disposal continues to work effectively to reduce the cycle time for disposals in a cost-efficient manner.

Reimbursable Property Disposal Time

The average FY 2006 cycle time for reimbursable property disposal was 148 days, a slight increase from the FY 2005 average time of 134.

PBS's Office of Real Property Disposal also acts as the selected disposal agent for agencies with their own disposal authority on a reimbursable basis. In FY 2006, the Office sold 111 assets belonging to other Federal agencies for $831.2 million.

- PBS Office of Property Disposal continues to work effectively to reduce the cycle time for disposals in a cost-efficient manner.

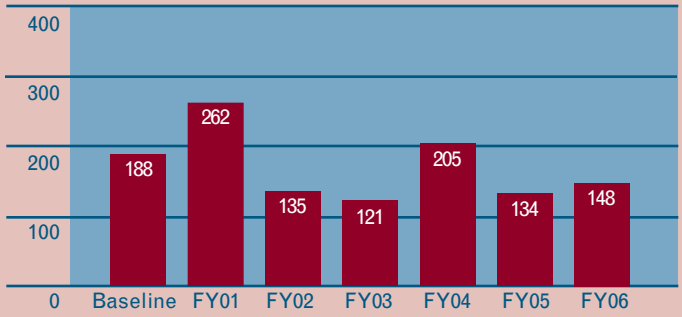
Sales Price as a Percentage of EFMV

In FY 2006, GSA obtained 134.5 percent of the estimated fair market value for all public sales awarded.

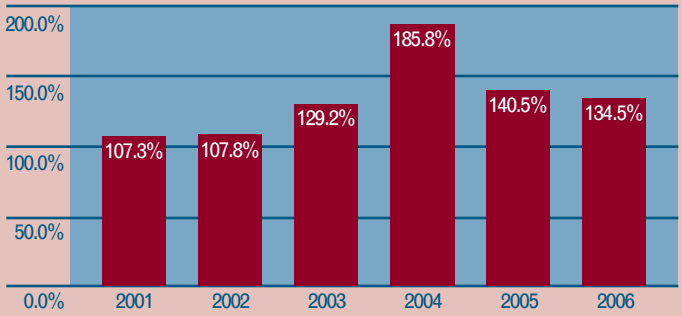
Other Performance Initiatives

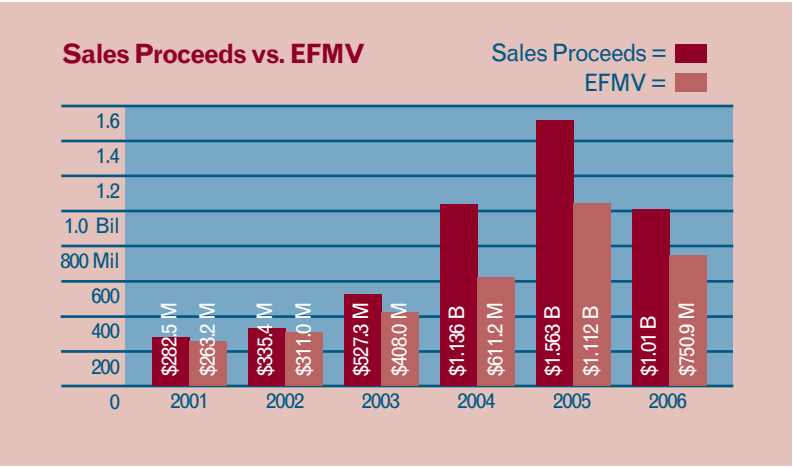
In addition to providing governmentwide disposal support, the Office is a vital component of the *PBS Restructuring Initiative*. Under this initiative, the Office measured the financial performance and capital needs of each owned asset and organized them into three categories: 1) performing, 2) underperforming, and 3) non-performing, or buildings with a negative cash flow. This initiative resulted in the sale and transfer of numerous non-performing assets, including a transfer of three such assets—with a total value of $21.2 million—to other Federal agencies. Additionally, the Office conveyed nine properties valued at $5.6 million to state or local bodies through the public benefit program and eleven former PBS assets were sold for $34.2 million. By continuing to dispose of underperforming assets—as well as improving facility performance, exploring vacant space recapture projects, and considering outleasing

Cycle Time: Reimburseable Properties for Disposal Projects (Average Number of Days)



Sales Price as a Percentage of EFMV





and exchange opportunities—PBS optimizes the value and performance of its portfolio.

As the subject matter expert for the Real Property portion of the *Federal Asset Sales* (FAS) e-Gov Initiative, the Office is responsible for providing input for its development. The FAS Initiative identifies, recommends, and implements improvements for asset recovery and disposition, making it easier for agency, business, and citizen users to find and acquire Federal real property assets. The FAS Initiative objective is to increase the number of buyers interested in acquiring Federal properties by providing a single web portal advertising available properties.

By combining all Federal property into a single site, the FAS Initiative will provide users with an easy to use single portal, and creates efficiencies for the government by aggregating the demand for the purchase of its properties.

The data pertaining to the disposal of real properties is constantly monitored and collected on six different performance measures, each of which has aggressive objectives. Efforts are constantly underway to improve the data analysis conducted to provide better insight into the disposal process. This insight will determine where further efficiencies and improvements can be made.

The award of the Value Added Services (VAS) contracts in FY 2006 has also led to more efficient and effective real property disposal efforts governmentwide. VAS contracts – indefinite delivery/indefinite quality (IDIQ) agreements that consolidate the disposal capability of five real estate industry firms into a single contracting vehicle – result in considerable cost savings for agencies. By using VAS contracts, agencies are no longer required to maintain elevated workforce levels to accommodate occasional peak influxes of excess properties.

Conclusions and Next Steps

Conclusions

FY 2006 performance is consistent with past performance on the key indicators of cost per square foot owned, cost per square foot leased, and vacancy rate.

Information systems for real property inventory and measurement continue to improve. In 2006, the Office of Real Property Management redesigned the FRRP inventory system to collect the 24 data elements created by the FRPC, including four performance measures: operating costs, utilization, condition index, and mission dependency.

GSA has also created the FRPP Performance Assessment tool, an analysis tool that complements the FRPP database. The FRPP Performance Assessment tool segments an agency's FRPP data into six levels based on thresholds set for each of the FRPP performance measures. This tool identifies assets that no longer meet the mission of the agency, are underutilized, or are not operating in an efficient manner. The ability to identify and analyze real property assets that are considered "excess" to an agency also helps meet legislative requirements, including the Federal and District of Columbia Government Real Property Act of 2006, which "provides for the sale, acquisition, conveyance, and exchange of certain real property in the District of Columbia to facilitate the utilization, development, and redevelopment of such property, and for other purposes." Due to GSA's forward thinking in its design of the FRPP, this data requirement and resulting performance was already captured prior to the enactment of this legislation, making the identification of potential real property assets for Federal transfer automatic and easily retrieved.

Next Steps

Since the inception of the GSA real property and workplace performance measurement initiative in 1997, the most popular and useful products and services over the years have been the space use guidance, the Cost per Person Model, and the benchmarking exercise that generates this annual Performance Results report. Policies and methodology will continue to be updated and improved.

The number of Federal teleworkers is still far short of the levels of participation envisioned by Public Law 106-346 (Section 359) and lags behind private sector performance. Federal agencies should strive to provide greater opportunities so that all employees who are eligible to telework may do so to the fullest extent possible. Federal agencies should also comply with Public Law 107-217 (Section 587), which requires that, when acquiring space, agencies must consider whether part or all of their space needs can be met using alternative work arrangements such as telecommuting or hoteling. The Office of Real Property Management will continue to provide guidance on how to meet these legislative requirements in ways that will benefit organizations and Federal employees.

U.S. Court House, Cape Girardeau, Missouri

Appendix A: An Update on Executive Order 13327 Activities

Background

Designated as a "high-risk" area by the Government Accountability Office in 2003, the Federal Government's real property portfolio continues to face numerous management challenges. These challenges include deteriorating facilities, an increasing number of excess and underperforming assets, limited capital investment funds, a reliance on costly leasing, and unreliable governmentwide data for strategic asset management.

Recognizing these real property challenges, the President signed Executive Order (EO) 13327 "Federal Real Property Asset Management" in February 2004, and added real property to the President's Management Agenda (PMA). EO 13327 directed executive agencies to assign Senior Real Property Officers, established the Federal Real Property Council (FRPC) to develop best practices, and called for the creation of a centralized database for the Federal real property portfolio.

With a renewed focus on the Government's real property portfolio, the Office of Management and Budget (OMB) added real property to the Executive Branch Management Scorecard to track agencies' performance in executing real property initiatives.

Progress Report

In FY 2006, the FRPC made significant progress in advancing the objectives outlined in EO 13327 and the PMA. The FRPC, responsible for developing a strategy to implement EO 13327, accomplished the following key tasks in 2006:

1) Enhanced the Federal Real Property Profile (FRPP) database.
2) Designed user-friendly real property reports.
3) Developed the FRPP Performance Assessment tool.
4) Issued the Asset Management Guiding Principles Bulletin.
5) Continued to develop and disseminate strategic tools for improved asset management.

1) Enhancements to the Federal Real Property Profile

EO 13327 mandated the establishment of a "single, comprehensive, and descriptive database." The main goals for the inventory system are to:

- Increase agency asset management accountability.
- Enable benchmarking across agencies and sectors.
- Provide accurate, reliable data for improved decision-making.

In 2005, the FRPC's Inventory and Performance Measures Committee identified and defined 23

The FRPC oversees three working committees:

- Asset Management Plan
- Inventory and Performance Measures
- Systems

Appendix A: An Update on Executive Order 13327 Activities

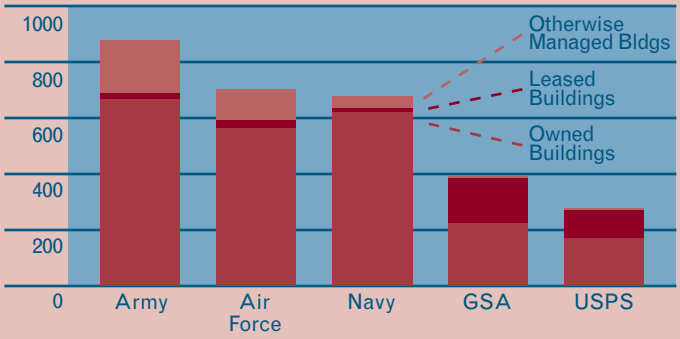
The four FRPP performance measures are:

- Utilization
- Condition Index
- Mission Dependency
- Annual Operating Costs

mandatory data elements, including four performance measures, to be included in the FRPP. The FRPC enhanced the FRPP database in 2006 by adding a new data element for Disposition, increasing the total number of data elements from 23 to 24.

The disposition data element includes a sub-data element for "Net Proceeds," which requires agencies to report the proceeds received as part of the disposition process. Collecting this new data will track the savings generated from such dispositions and might provide more insight and support for agencies retaining a portion of the net proceeds.

Top 5 Agencies by Building Square Footage and Legal Interest (Millions of Square Feet)



The FRPC also expanded the Legal Interest data element for the FY 2006 reporting cycle. GSA sponsored numerous FRPP User Group meetings throughout the year to support the 28 user agencies as they prepared to submit their inventory data. Additional enhancements to the FRPP enable users to generate baseline and customized reports using real-time queries.

In addition, the FRPP can now generate delta and variance reports to identify differences in specific data elements reported in FY 2005 versus FY 2006. Delta reports can compare specific elements, such as the annual difference in square footage reported on a bureau or agency-wide basis. Variance reports can compare total assets reported in FY 2005 versus FY 2006. Agencies will be responsible for explaining any variance anomalies, such as missing assets. Being able to track annual inventory changes will help improve the reliability and accuracy of agency data in the coming years.

2) Real Property Reports

GSA designed and distributed new reports summarizing the FRPP data in 2006. The FY 2006 *Federal Real Property Report* provides a summary overview of the government-wide real property inventory as depicted in the chart to the left.

3) FRPP Performance Assessment Tool

GSA released the FRPP Performance Assessment tool in July 2006. The Web-based software tool analyzes FRPP's performance data

Appendix A: An Update on Executive Order 13327 Activities

and identifies potential properties for disposition. Using the tool, agencies can segment their inventory by performance measures and identify assets in poor condition, those not operating efficiently, or those that might be candidates for disposal or reinvest-ment. The tool also includes a set of reports that allow agencies to view under-utilized Federal assets when an agency is looking for new space.

The FRPP Performance Assessment tool will help Federal agencies improve real estate portfolio asset management; meet the goals of EO 13327; and achieve the Administration's target of saving $9 billion in real property by 2009 and an additional $6 billion by 2015.

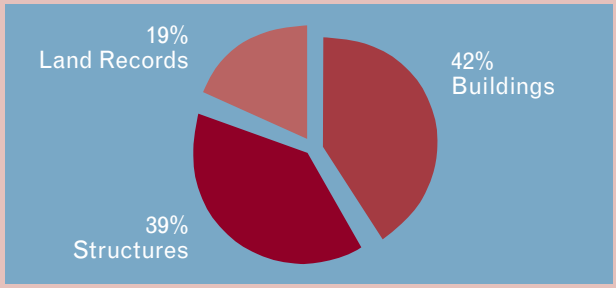
4) Asset Management Guiding Principles

Published in the Federal Register on June 16, 2006, FMR Bulletin 2006-B5 provides guiding principles to help Federal agencies manage and improve real property performance effectively in support of EO 13327.

The guiding principles are strategic objectives and goals designed for Federal agencies to adopt into their asset management programs. Agencies are encouraged to implement these principles to improve real property performance. The guiding principles are as follows:

1. Support agency missions and strategic goals.
2. Use public and commercial benchmarks and best practices.
3. Employ life cycle cost benefit analyses.
4. Promote full and appropriate utilization.
5. Dispose of unneeded assets.
6. Provide appropriate levels of investment.

Total Number of Worldwide Assets



7. Accurately inventory and describe all assets.
8. Employ balanced performance measures.
9. Advance customer satisfaction.
10. Provide for safe, secure, and healthy workplaces.

The guiding principles are geared to support property managers and specialists with daily asset management techniques. Best practice case study examples were provided with each guiding principle, giving agencies tools and shared knowledge for improved asset management. Agencies must ensure that all real property initiatives comply with these principles.

5) Strategic Tools for Improved Asset Management

In addition to the FY 2006 accomplishments, the FRPC and GSA are continuously looking for ways to help agencies improve their asset management techniques and comply with EO 13327. For example, FRPC's Asset Management Plan Committee has developed and distributed an asset management plan template to assist

agencies in meeting the EO requirement to submit annual asset management plans. The plans must address the guiding principles and other real property areas and are also a component of the PMA scorecard criteria.

As a result of these efforts, the September 2006 PMA Scorecard results showed that five out of 15 agencies scored green for the current status of real property asset management initiatives. The five agencies that scored green for current status were the Department of Energy, Department of State, Department of Veterans Affairs, GSA, and National Aeronautics and Space Administration. In addition, twelve agencies achieved green status for progress in implementation.

The FRPC is currently updating the Federal Real Property Asset Management strategic plan. The updated strategic plan establishes key milestones and goals for improved asset management planning, inventory data, and performance measure standards to be accomplished in FY 2007 and FY 2008.

Looking Ahead

GSA will continue to support the FRPC by working on a number of specific tasks, such as:

- Determining the types of inventory information that can be shared between agencies and the public.
- Identifying standard reports that the FRPP system can generate.
- Developing additional performance measurements and data elements.
- Refining and enhancing the performance assessment tool as additional performance measures are developed.
- Reviewing the data elements for possible modifications.
- Continuing to develop and review legislative initiatives.

Conclusion

Many executive branch agencies have implemented important changes to accomplish the governmentwide real property reform objectives. The Executive Branch Management Scorecard indicates that the Administration's increased focus on asset management is positively impacting real property management. Recent scorecard results show a significant increase in the number of agencies scoring green for "current status" and "progress" in implementing improved real property management initiatives.

The greatly enhanced FRPP system provides the groundwork for a more strategic approach to Federal asset management. With the use of FRPP data, agency decision-makers — and the government as a whole — can make smarter asset management decisions.

Appendix B: Update on Sustainability

Sustainability

Much progress was made in 2006 towards integrating sustainability into Federal agency operation, particularly in real property. Highlights include:

- The "Federal Leadership in High Performance and Sustainable Buildings" Memorandum of Understanding (MOU) was signed on January 24, 2006. The MOU commits agencies responsible for approximately 90 percent of Federal space to cost-effectively acquire, operate, and maintain high performance and sustainable buildings. Agencies committed to the MOU include: the Department of Defense, Department of Energy, GSA, Department of Veterans Affairs, Department of the Interior, Department of Justice, Department of Agriculture, National Aeronautics and Space Administration, Department of Homeland Security, Department of Health and Human Services, Department of Transportation, Tennessee Valley Authority, U.S. Environmental Protection Agency, Department of State, Department of Housing and Urban Development, Office of Personnel Management, Department of Labor, Department of Commerce, and the Executive Office of the President.

  Goals of the MOU include:

  - Reduce the total ownership costs of facilities.
  - Improve energy efficiency and water conservation.
  - Provide safe, healthy, and productive built environments.
  - Promote sustainable environmental stewardship.

  Technical guidance to assist Federal agencies in meeting these goals was issued, such as:

  - Employ integrated design principles.
  - Optimize energy performance.
  - Protect and conserve water.
  - Enhance indoor environmental quality.
  - Reduce environmental impact of materials.

- The *Federal Green Construction Guide for Specifiers* was released in April 2006. Written for architects and building contractors in CSI MasterFormat™, it includes models for over 60 types of specifications.

- In July 2006, GSA issued the *Sustainable Building Rating Systems* report, in accordance with Section 609 of GSA's Appropriations Bill for FY 2006. The report, prepared by the Pacific Northwest National Laboratory, summarizes the attributes of each major sustainable building rating system. The five rating systems are:

  - BREEAM (Building Research Establishment's Environmental Assessment Method)
  - CASBEE (Comprehensive Assessment System for Building Environmental Efficiency)
  - GBTool
  - Green Globes™ U.S.
  - LEED® (Leadership in Energy and Environmental Design)

GSA will determine which rating system is the most appropriate for evaluating GSA projects based on the following elements:

- Applicability to large-scale and complex Federal building projects.
- Stability of the rating system over time.
- Ability to track quantifiable achievements with third-party verification.
- Awareness by practitioners in the current market.

- In 2006, OMB unveiled Environmental Stewardship, Energy, and Transportation Scorecards. The scorecards rate each agency's progress in performing energy, environmental, and transportation/fleet management. Goals address the deficiencies in which the opportunity to improve performance is the greatest.
- "Capital Asset Plan and Business Case Summary Exhibit 300," of OMB Circular No. A–11, Part 7, Planning, Budgeting, Acquisition, and Management of Capital Assets, incorporates sustainability into the policy for planning, budgeting, acquisition and management of Federal capital assets. Exhibit 300 is designed to coordinate OMB's collection of agency information for its reports to the Congress required by law and to ensure that the business case for investments is made and tied to the mission statements, long-term goals and objectives, and annual performance plans.

Part I, Section A, No. 12 of Exhibit 300 asks:

- Has the agency developed and/or promoted cost-effective, energy-efficient and environmentally sustainable techniques or practices for this project?
- Is this investment for new construction or major retrofit of a Federal building or facility?
  - If "yes," is an Energy Saving Performance Contract (ESPC) or Utility Energy Services Contracting (UESC) being used to help fund this investment?
  - If "yes," will this investment meet sustainable design principles?
  - If "yes," is it designed to be 30 percent more energy efficient than relevant code?

Appendix C: Telework Expansion and Associated Technology Issues

Introduction

Most organizations have not moved away from a traditional 20th century management culture and, therefore, have been resistant to accept and fully adopt telework. As a result, management resistance is still the number one obstacle to the expansion of telework. Issues associated with the technology infrastructure needed to support telework may be an additional significant obstacle, specifically security and cost issues surrounding telework technology. In response to this concern, GSA commissioned two studies: *Analysis of Home-Based Telework Technology Barriers* (2002) and *Telework Technology Costs* (2006). The specific goals of these studies were to assess (1) the validity of the concern over telework technology issues and (2) the prevalence of the issues. This appendix reviews these studies (methodology, findings, and conclusions).

Home-Based Technology Barriers (2002 Study)

The 2002 study examined potential telework technology barriers, included an emphasis on security issues, and proposed solutions for effective, secure home-based work environments. Throughout the study, GSA used the following approaches:

- Assessed technologies available to support home-based telework, including performance, functionality, user-interface, and cost.
- Gathered insights from the Chief Information Office (CIO) staff and information technology (IT) Federal staff, as well as telework coordinators and teleworker managers regarding potential barriers to home-based telework.
- Interviewed teleworkers and telework managers on the influence of technology barriers on overall technology effectiveness.
- Reviewed "lessons learned" on IT challenges and solutions by consulting telework implementation case studies.

Despite finding potential technology problems, such as IT security, associated with home-based telework implementation, the study determined that no single IT barrier is of such a concern that it prevents or impedes greater adoption of home-based telework implementation.

Specific findings related to security issues included:

- Most CIO staff, IT managers, telework coordinators, and teleworker managers believe security issues can be managed.
- CIO staff and IT management believe that 1) the necessary IT security products and services that address telework-related security requirements do exist and 2) that effective and secure telework implementation requires:
  - Careful and consistent solutions across the organization.
  - Resources and expertise to address overall security requirements.
- Agencies emphasize security training as a key component for ensuring information security in home-based telework environments.

Based on the study's findings, GSA recommended that Federal IT managers be more effectively engaged in home-based telework

planning, budgeting, and implementation to ensure the successful resolution of IT issues, including security.

Telework Technology Costs (2006 Study)

In the 2006 study, GSA investigated potential cost impacts to Federal agencies wishing to implement IT infrastructure expansion to accommodate telework. Specifically, the goals of the study were to:

- Determine if cost was a barrier to expanding telework.
- Examine the technology cost impact of expanding telework.
- Develop recommendations and guidance regarding technology cost and agency expansion.

For the purposes of this study, telework expansion was defined in terms of widespread or mainstream telework participation levels amounting to 25 percent and 50 percent of an organization's workforce.

General Findings

The cost study found that Federal organizations generally have some of the necessary elements of IT infrastructure in place; however, these elements only support limited levels of telework leading to a lack of strategies for IT support of widespread telework. As a result, organizations often fall short of including telework considerations in agency investment planning or technology enhancement initiatives.

The cost study also found that 1) closing the gap and providing a robust telework infrastructure requires careful planning and investment of agency resources, and 2) the resulting potential benefits are far reaching and cost beneficial. In short, with a full consideration of telework value, appropriate program management, capital planning, and a combination of other agency initiatives, technology cost should not be considered a barrier to the expansion of telework programs.

Finally, the study determined that most agencies lack a programmatic, enterprise-wide approach to telework implementation and support, which is detrimental to telework success and value. To create a successful enterprise-wide approach to telework and, simultaneously maximize total benefits and return on investment, agencies should include telework technology in enterprise planning and architecture.

Specific Findings

Current Status of Telework Technology

As previously stated, the 2006 study found that most agencies lack a programmatic, enterprise-wide, systematic approach to technological planning, acquisition, implementation, and support for telework. Specific findings in this regard include the following:

- Telework is expanding throughout the Federal government, but the necessary technology to support telework is typically not included in Federal agencies' IT architecture.
- Telework technology costs are invisible to senior executives in most organizations.
- Teleworkers typically use existing IT infrastructure, reutilized equipment, and personally owned resources for their home sites.

Appendix C: Telework Expansion and Associated Technology Issues

- Resources not designed for telework are often used for telework. For example, organizations that provide services, such as conference bridges, training, and technical support for telework, often utilize versions of these services that are not designed for telework.
- For most organizations, telework 1) is not a significant consideration for the present or future IT architecture, 2) has little impact on IT resources, and 3) is not a line item in the IT budget.
- Most agencies are not making telework part of their agency-wide strategic vision. Instead, most telework technology decisions are typically left to the individual organizations and/or offices and are based on local circumstances – resulting in substantial organization-wide telework support inequities.
- Some organizations require teleworkers to use their own equipment, while other organizations specifically prohibit the use of non-government equipment.
- Mobile communications are provided to some teleworkers, but this provision is related to factors other than their telework needs.
- Few organizations provide teleworkers with all the resources needed to perform all of their job duties at the telework worksite. For example, while organizations provide teleworkers secure access to some applications such as email, there is often no remote access to other key applications.

Expansion Needs

A key objective of the 2006 study was to determine the technology needs, if any, that are required for effective and successful expansion of telework. In general, the study found that to enable up to 50 percent of the workforce to telework effectively, more investment is needed to give the telework environment the same capability as is available in traditional office space. The following are additional and more specific findings regarding needs associated with telework expansion:

- Currently, teleworkers are managing to telework effectively with available IT resources; however, to attain the maximum benefit from telework, teleworkers need an alternate worksite environment that is equivalent to the environment available at the traditional office.
- To expand telework in a secure manner, the government must provide appropriate equipment and services, especially laptop computers, configured in accordance with the organization's security policies, broadband services, and IT infrastructure.
- Successful expansion of telework programs also requires organizations to incorporate telework into the strategic enterprise planning, policies, and budget process.
- The establishment of a Telework Program Manager can facilitate successful expansion of telework.
- Agencies need to measure the total value of telework – both financial and non-financial – when evaluating potential telework investments; the multiple telework benefits will lead to more compelling cost justifications.

Appendix C: Telework Expansion and Associated Technology Issues

Cost Findings

The 2006 study also focused on technology cost implications associated with telework expansion. In general, the study found that (1) while there can be significant costs associated with enhancing the infrastructure to support telework, there are even larger benefits and (2) technology costs are not a barrier to telework expansion because the financial benefits of expanded telework are larger than the technology costs. Additionally and more specifically, the study found:

- The technology cost of telework expansion depends on the size of the organization, the degree to which the existing enterprise architecture is up-to-date, and the level and type of services already provided to teleworkers.
- Investments in telework support the entire organization as well as other critical agency-wide objectives, including enhancement of continuity of operations programs, IT modernization efforts, support of mobile workers, and legislative compliance.
- Some key financial benefits of telework are larger than the costs of expanding the telework-supporting infrastructure, especially if the costs are shared with other programs. Thus, the cost of expanding support for telework can be justified if both the financial and non-financial benefits are clearly articulated and the costs are shared with other strategic enterprise initiatives.
- The estimated one-time cost to bring the participating organizations to a basic level of telework infrastructure varied from $0 per user for those organizations already providing basic capabilities to $3,821 per user for those organizations providing minimal services to teleworkers.
- The estimated one-time cost to bring participating organizations from a basic level of telework to a more ideal telework environment ranged from $512 per user to $1,420 per user.
- Organizations that face a large investment to provide basic telework capabilities should phase enhancements over multiple fiscal years to reduce impact.
- A majority of the IT infrastructure components supporting telework have multiple uses. Their cost, therefore, can be fully or partially offset as part of the total IT support cost.

The Cost/Direct Financial Benefits Comparison of Telework Enhancements table to the left is a sample of estimated costs and benefits for the following three scenarios of telework infrastructure enhancements:

Cost/Direct Financial Benefits Comparison of Telework Enhancements

Telework Business Cases*	Total Investment (Millions)**	Total Benefits (Millions)**	NPV	ROI
Teleworker-at-home Solution/100K staff	$16.0	$36.2	$20.2	~225%
Teleco Services/50K staff	$16.0	$31.1	$15.1	~190%
Enterprise/10K staff	$.22	$3.4	$3.2	~1500%

* Each Business Case assumes that 50% of staff telework
** Totals provided in present value dollars

Appendix C: Telework Expansion and Associated Technology Issues

- Home-based workstations for an organization of 100,000 employees.
- Telecommunications for an organization of 50,000 employees.
- Enterprise architecture for an organization of 10,000 employees.

Each of these cost-benefit scenarios is based on an organization in which 50 percent of the staff teleworks at least one day per week. Also, the enhancements for each scenario are implemented over a three-year period.

As can be seen in the table, the analysis revealed that an investment of approximately $16 million over three years is required to provide a "basic" teleworker-at-home solution for 50,000 teleworkers at an agency with 100,000 staff. This investment can be offset with a benefits realization of more than $36 million over the same three-year period.

Recommendations

The 2006 study provided several recommendations for agencies to support and achieve successful and cost-effective telework expansion. Recommended actions that agencies should take include:

- Work to obtain a clear understanding and articulation of the financial and non-financial benefits of telework, telework technology, and the integration of telework with other strategic initiatives.
- Establish an effective business case for expanding telework programs.
- Adjust policies and strategic visions to incorporate telework and telework technology. Telework should be included in enterprise-wide IT capital planning to maximize total agency benefits and return on investment.
- Implement telework-friendly policies and create a Program Management Office (PMO) dedicated to the telework program. The PMO should work to ensure maximum value and benefit to the telework program and the organization.
- Identify telework value factors and use cost analysis methods and resources to achieve effective incorporation of telework in fiscal planning.

Conclusion

Findings suggest that technology issues are not a major obstacle to the development and expansion of telework, even though there have been several highly publicized technology security lapses in organization data management practices. While some initial concern focused on telework as a cause of the lapses, subsequent investigation by technology security experts and inspectors general determined that the lapses are instead due to failures to comply with established IT security guidelines. Through use of proper planning and practices, technology cost issues can be transformed into cost benefits to the organization. Thus, management resistance still seems to be the key obstacle for telework expansion.

Ysleta Border Station, El Paso, Texas

Appendix D: Office of Real Property Management Contacts

The Office of Real Property Management's mission is to develop, promote, and assess compliance with management policies and regulations for the effective and efficient stewardship of Federal real property assets and alternative workplaces. GSA is a governmentwide leader in asset management, best practices, inventory reporting, legislative reform, performance measurement, sustainability, and telework.

GSA provides information and data on Federal and commercial real estate, the workplace, and related services. In addition, it promotes collaborative and innovative governmentwide policies, products, and services for real property and the workplace.

In 2006, GSA also published the following:

- FY 2005 Federal Real Property Report
- Innovative Workplaces: Benefits and Best Practices
- Real Property Policysite Newsletters:
  - The Transformation of Asset Management
  - Best Practices Special Edition
- Real Property and Workplaces Contacts Directory

In 2007, we plan to publish:

- FY 2006 Federal Real Property Report
- Real Property Performance Results 2007
- Real Property Policysite Newsletters:
  - Leading the Way: New Perspectives in Asset Management
  - Best Practices Special Edition
- Real Property and Workplaces Contacts Directory
- General Reference Guide

Please continue to the next page...

Appendix D: Office of Real Property Management Contacts

Please contact one of our staff professionals in our Asset Management, Performance Measurement, and Regulations Management Divisions for information on specific programs.

Nadine Burns	(202) 208-0238	Performance Measurement	nadine.burns@gsa.gov
Chris Coneeney	(202) 208-2956	Federal Inventory Asset Management	chris.coneeney@gsa.gov
Michele Courtney	(202) 501-1485	Administration	michele.courtney@gsa.gov
Dennis F. Goldstein	(202) 219-0608	Federal Real Property Council Executive Order 13327	dennis.goldstein@gsa.gov
Ken Holstrom	(202) 208-0511	Regulations Management	ken.holstrom@gsa.gov
Dr. Wendell Joice	(202) 273-4664	Alternative Workplace Arrangements Policy	wendell.joice@gsa.gov
Shirley Morris	(202) 501-1145	Performance Measurement	shirley.morris@gsa.gov
Patrice Walker	(202) 208-7639	Performance Measurement	patrice.walker@gsa.gov
Ray Wynter	(202) 501-3802	Performance Measurement	ray.wynter@gsa.gov

U.S. General Services Administration
GSA Office of Governmentwide Policy
Performance Measurement Division (MPM)
1800 F Street, NW
Washington, DC 20405

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